

Message Text

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PAGE 01 KINGST 01909 042122Z

61

ACTION ARA-20

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 4867

C O N F I D E N T I A L KINGSTON 1909

STADIS; FROM AMB GERARD//////////

E.O. 11652: GDS

TAGS: EAID, EMIN, JM

SUBJ: RURAL EDUCATION LOAN

REF: A. STATE 115263 B. STATE 115252

1. IN ITS REVIEW OF ISSUES RAISED PARA TWO REFTEL A, THE CT HAS CONCLUDED THAT DEFERRAL OF RURAL EDUCATION LOAN WOULD NOT RPT NOT FAVORABLY INFLUENCE BAUXITE NEGOTIATIONS. GIVEN BROAD SUPPORT FOR PM'S PUBLIC STATEMENTS IT CURRENTLY IS IMPROBABLE GOJ WILL RETREAT FROM ITS POSITION ON REVENUE QUESTION AND DEFERRAL OF LOAN WOULD LEAD TO MORE RIGID STANCE ON UNSETTLED ISSUES OF PARTICIPATION AND OWNERSHIP. GOJ WOULD CERTAINLY CONSIDER DEFERRAL ACTION AS COERSIVE AND PUNITIVE.

2. WE DO NOT CONSIDER THE EDUCATION LOAN AS APPROPRIATE INSTRUMENT TO CHANGE COURSE OF FUTURE NEGOTIATIONS. USG HAS AVAILABLE TO IT MORE EFFECTIVE ALTERNATIVES SHOULD IT DECIDE TO USE THEM TOWARD THIS END. (SEE REF B). EDUCATION LOAN IS DESIGNED TO ASSIST MOST DISADVANTAGED SEGMENT OF JAMAICAN SOCIETY. TO PENALIZE RURAL POOR WITH HOPE OF OBTAINING MORE FAVORABLE TREATMENT FOR ALUMINUM COMPANIES IS BOUND TO HAVE ADVERS EFFECT ON US/GOJ RELATIONS AS WELL AS US IMAGE. NEGATIVE REACTIONS COULD BE EXPECTED FROM CARIBBEAN REGION GENERALLY, GIVEN THEIR SUPPORT OF GOJ BAUXITE LEGISLATION, SHOULD IT BECOME WIDELY KNOWN EDUCATION LOAN WAS BEING WITHELD AS WAY OF SHOWING US DISPLEASURE.

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PAGE 02 KINGST 01909 042122Z

3. LOAN ASSISTANCE FOR EDUCATION SECTOR HAS BEEN UNDER CONSIDERATION SINCE FEB 1973. IN ADDITION TO ACTIVE AND CONTINUOUS INVOLVEMENT OF GOJ, OTHER DONORS IBRD, CIDA, OAS, AND IDB HAVE PARTICIPATED IN DEVELOPMENT LOAN PROJECT. THESE DONORS HAVE ANTICIPATED US LOAN FINANCING FOR EDUCATION SECTOR IN THEIR ASSISTANCE PLANNING. GIVEN THESE CONSIDERATIONS IT IS HIGHLY UNLIKELY THAT GOJ WOULD CONSIDER LOAN AUTHORIZATION AS CONDONING THEIR UNILATERAL ACTION ON BAUXITE REVENUE LEGISLATION ALTHOUGH GRANTING OF LOAN WOULD BE RECEIVED WITH CONSIDERABLE RELIEF. GOJ IS ALREADY ANTICIPATING AID/W WILL AUTHORIZE LOAN IN EARLY JUNE BEING AWARE OF FAVORABLE RESULTS DAEC REVIEW.

4. MINISTER OF JUSTICE AND SECURITY MATALON IS ALREADY PERSONALLY CONCERNED EDUCATION LOAN MAY BECOME VICTIM OF BAUXITE ISSUE. GIVEN HIS LONG STANDING AND CONTINUOUS INVOLVEMENT THIS PROJECT AUTHORIZATION OF LOAN WOULD SERVE TO REINFORCE COOPERATION ON CURRENT MUTUALLY IMPORTANT PROBLEMS.

5. PROCEEDING WITH LOAN AUTHORIZATION WOULD PROVIDE POSITIVE GESTURE US GOOD WILL AND CONFIDENCE IN GOJ WILLINGNESS TO REACH AN AMICABLE AND NEGOTIATED SETTLEMENT WITH ALUMINUM COMPANIES OF STILL UNRESOLVED ISSUES. LOAN WOULD ALSO REINFORCE SECRETARY KISSINGER'S PLEDGE, AT OAS ASSEMBLY MEETING, TO EXAMINE WAYS WHEREBY US ASSISTANCE TO LATIN AMERICA WOULD BE INCREASED.

6. ABOVE CONSIDERATIONS PROMPTS CT TO STRONGLY RECOMMEND THAT RURAL EDUCATION LOAN BE SUBMITTED TO DLC FOR REVIEW AS EARLY AS POSSIBLE TO PERMIT PROCESSING OF AUTHORIZATION IN FY74. REQUEST ADVICE SOONEST FOR PLANNING PURPOSES.
GERARD

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